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GREAT LAKES FORESTRY CENTRE
CENTRE FORESTIER DES GRANDS LACS

Unemployment Insurance / Job Creation Program - Forestry Sector in Ontario Final Report

R. L. Macnaughton (Compiler)
Miscellaneous Report No. 41

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THE GREAT LAKES FORESTRY CENTRE

The Great Lakes Forestry Centre is one of six regional establishments located across Canada and operated by the Canadian Forestry Service. The overall objective of the Service is to promote the preservation, enhancement and wise use of a healthy, attractive and bountiful forest resource and terrestrial environment for the economic and social benefit of all Canadians. The Centre pursues this objective by conducting two major programs: research and technical services and forestry development. Both programs address major problems affecting forest management and the forest environment primarily in Ontario, but because of the transprovincial nature of the forest resource, many elements of our research program are of national significance.

Forestry problems are continually assessed by the Canada-Ontario Joint Forestry Research Committee, made up chiefly of senior members of the Centre and the Ontario Ministry of Natural Resources. The Committee ensures that the research resources of both agencies are effectively transmitted to the forest managers in order to improve forest production and protection, and the quality of the environment.

Staff of the forestry development program negotiate and administer federal-provincial cost-sharing agreements with the province of Ontario, conduct economic studies, and implement job creation programs in the forest sector. Again, this requires close cooperation with the Ontario Ministry of Natural Resources and with other provincial and federal agencies concerned with the forest sector.

Close working relations are also maintained by the Centre with educational institutions specializing in forestry and the biological sciences, with the forest industry, and with other forestry organizations in the province.

The Centre recognizes that forested land must be managed in the best public interest, not only for the wood production essential to our economy but also for the recreational purposes that are so important to our social well-being. These goals must be achieved in a manner that will maintain or improve the quality of the forest environment and preserve it for generations to come.

UNEMPLOYMENT INSURANCE/JOB CREATION PROGRAM - FORESTRY SECTOR IN ONTARIO

FINAL REPORT

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GREAT LAKES FORESTRY CENTRE

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ABSTRACT

In 1982, an employment stimulation program was developed jointly by the Canadian Forestry Service (CFS) (then part of the Department of the Environment) and the Canada Employment and Immigration Commission (CEIC). Section 38 of the Unemployment Insurance Act was used as the legal basis for the program, which operated independently of any other employment stimulation program in its initial stages. Eventually it was combined by CEIC with other job creation programs to form the Canada Works Program. While this changed some eligibility regulations it did not affect the role of the CFS in administering the program.

The Ontario Region portion of the Unemployment Insurance/Job Creation Program - Forestry Sector ran from September 1982 to March 1984, with the first project getting under way in December 1982. In all, 138 of 156 proposals were approved as projects, 2,065 jobs were created and 40,090 work weeks were utilized. The Unemployment Insurance Commission contributed $10,030,260 in non-wage benefits, the CFS put up $5,359,214 for operational costs and sponsors contributed $302,436, for a total of $15,691,910.

The program achieved its objectives of providing gainful work for recipients of Unemployment Insurance benefits, stabilizing work forces in communities with high unemployment levels, and completing meaningful forest renewal and stand improvement activities that will yield further long-term economic benefits.

The following achievements were realized:

Inventory	- 148,358 ha	Boundary lines	- 932 km
Tending	- 10,628 ha	Recreational trails	- 401 km
Tree planting	- 1,677 ha	Road maintenance	- 260 km
Site preparation	- 1,471 ha	Road construction	- 116 km
Marking	- 1,118 ha		
Recreational development	- 525 ha		

The experience gained from administration of this program proved useful in implementing the somewhat similar Environment 2000 Program, and the forestry benefits derived from both programs would appear to justify CFS involvement in employment stimulation in the forestry sector.

RÉSUMÉ

En 1982, un programme de stimulation de l'emploi a été mis sur pied conjointement par le Service canadien des forêts (SCF) (qui faisait alors partie du ministère de l'Environnement) et la Commission de l'emploi et de l'immigration du Canada (CEIC). Ce programme reposait sur l'article 38 de la Loi sur l'assurance-chômage et, à ses débuts, n'était pas associé à un autre programme de stimulation de l'emploi. Plus tard, la CEIC l'a combiné à d'autres programmes pour former le Programme Canada au travail. Certaines règles d'admissibilité ont dû être modifiées, mais le rôle du service canadian des forêts en ce qui concerne l'administration du programme est resté le même.

La partie du programme (secteur forestier) pour la région de l'Ontario a duré de septembre 1982 à mars 1984, le premier projet ayant commencé en décembre 1982. Au total, 138 des 156 propositions ont été approuvées, 2,065 emplois ont été créés et 40,090 semaines de travail ont été utilisées. La Commission d'assurance-chômage a fourni $10,030,260 en avantages non salariaux, le SCF, $5,359,214 pour les dépenses opérationnelles, et les promoteurs, $302,436, ce qui fait un total de $15,691,910.

Le programme a atteint ses objectifs qui étaient de fournir des emplois lucratifs à des bénéficiaires de l'assurance-chômage, de stabiliser la main-d'oeuvre locale dans les localités où le chômage était élevé et de réaliser des travaux de renouvellement des forêts et d'amélioration des peuplements qui rapporteront des avantages économiques à long terme.

Les réalisations sont les suivantes:

Inventaires:	148,358 ha	Limites:	932 km
Soins culturaux:	10,628 ha	Sentiers récréatifs:	401 km
Plantation d'arbres:	1,677 ha	Entretien de routes:	260 km
Préparation de terrains:	1,471 ha	Construction de routes:	116 km
Marquage:	1,118 ha		
Aménagement récréatif:	525 ha		

L'expérience acquise au cours de l'administration de ce programme s'est avérée utile dans l'application d'un programme assez similaire, Environnement 2000. Les avantages qu'ont procurés les deux programmes dans le domaine forestier sembleraient justifier la participation du Service canadien des forêts à des efforts de stimulation de l'emploi dans le secteur forestier.

ACKNOWLEDGMENTS

The authors would like to acknowledge the assistance and support given to us by the Ontario Regions of CEIC and the Department of Indian and Northern Affairs (DINA). In particular, special thanks are given to Mrs. Joan E. Farrell of CEIC, and Mr. Don H. Wellstead of DINA for diligently working, frequently in difficult conditions, to expedite the processing of various project contracts. Their suggestions and advice were welcomed by Project Officers for whom administering and implementing an employment stimulation program was a new experience.

The assistance of local and district CEIC and DINA personnel is also recognized. While there are too many to name individually without fear of missing someone, their efforts are gratefully acknowledged.

Finally, we would like to acknowledge all the project sponsors, without whom this program would have withered.

Frontispiece. Participants loading fuelwood into horse-drawn wagon for removal from bush.

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INTRODUCTION

In the late 1970s and early 1980s Canada experienced one of the worst economic slumps in history. Inflation was high, interest rates were rising, energy costs were climbing, employment levels were dropping and productivity was falling off. The Canadian dollar was slipping in comparison with the United States dollar. Efforts by various levels of government and by private industry were unsuccessful in reversing the trend. By late 1981 Canada was experiencing a full-fledged recession.

Industry in general started widespread factory shutdowns and worker layoffs. Orders for products, particularly from foreign customers, dried up and inventory built up to unacceptably high levels.

The forestry sector was atypical in that it was about six months behind other industries in reacting to the recession. Logging production remained at high levels until wood yard inventories were high. Long-term orders for products (especially paper) were still being filled. However, by mid-1981 the forest industry was caught in the web of recession. Mills temporarily shut down, forcing massive layoffs both in the mills and in the woods.

Over 300 forestry communities in Canada are classed as one-industry communities (Ontario has 25 dependent primarily on forestry) and, as a result, had been particularly hard hit. Many families were faced with relocation to find employment. As a result, both the work force available for an industry upswing and the spending capability within the community were reduced. By January 1982, 32% of the province's woodsworkers were laid off and 17% of the work force in the mills were placed on permanent or temporary layoff.

In 1982, responses to the unemployment situation in forestry, particularly in Ontario, came from two basic fronts, both utilizing Section 38 of the Unemployment Insurance Act. .The first was the Accelerated Forest Improvement Program (AFIP) sponsored by the Ontario Ministry of Natural Resources (OMNR) under an agreement with the Canada Employment and Immigration Commission (CEIC). (The Great Lakes Forestry Centre (GLFC) was involved in a limited way through the provision of advisory services to CEIC.) The second was the Canada-wide Unemployment Insurance/Job Creation Program - Forestry Sector (UI/JCP-FS), which in the Ontario Region was implemented and administered jointly by GLFC and CEIC.

This report will deal with the development, implementation and analysis of the Ontario Region component of the latter program, with reference to AFIP as it applied to UI/JCP-FS.

BACKGROUND

The use of unemployment insurance benefits for job creation goes back to 1977 when the Unemployment Insurance Act was amended. Section 38 allowed for the payment of increased unemployment insurance benefits to participants to a maximum of $240.00 per week (increased in August 1983 to $300.00) to be provided through CEIC. The act provided for supplementary wages, to be paid by the program administrator or sponsor, of an amount not to exceed the prevailing local rate for that type of work. Other project costs were allowed to a maximum of $200.00 per participant per week, paid by the program administrator, such as the Canadian Forestry Service (CFS), to cover the other operational aspects of a project, and sponsor incurred administration costs.

A discussion paper, entitled "A Forest Sector Strategy for Canada", was published in September 1981. The strategy addressed the need for maintenance of the work force, among other recommendations for action, but did not propose specific solutions.

In September 1982 the Department of the Environment released the policy statement "A Framework for Forest Renewal". It recognized the significance of employment in the forest sector, amounting to one million jobs directly or indirectly:

> "The role of forestry as an employment generator was recognized recently by the forestry employment stimulation program announced by the Minister of Employment and Immigration and the Minister of the Environment. The objective is to generate work in the forest sector utilizing Unemployment Insurance Commission funds, together with the Economic Development Envelope for overhead costs. Some 8000 jobs are anticipated under this program, mainly in British Columbia, Ontario, and Quebec. Employment projects will have forest renewal, which is labour intensive, as the principal element".[1]

In February 1982, CEIC and OMNR jointly launched AFIP, a program designed to prevent the drift of skilled forestry workers from the communities in which they were normally employed. The sponsor base was limited to the forest industry and projects had to be conducted on provincial Crown land. In addition to enhanced unemployment insurance benefits of $240.00 per week for participants, supplementary benefits of up to $60.00 per week plus 4% vacation pay on the supplementary portion were provided by OMNR. Maximum benefits were not to exceed the prevailing local wage rate for that type of work. OMNR also provided funds to the program to cover employee benefits, health insurance premiums, workers' compensation premiums, and other out-of-pocket costs for carrying out the project. The provincial share of the program was financed by Ontario's Board of Industrial Leadership and Development (BILD) through OMNR. AFIP eventually produced 93 projects and created 15,156 work weeks of employment.

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[1] Anon. 1982. A Framework for Forest Renewal. Dep. Environ., Can. For. Serv., Ottawa, Ont. 14 p.

Benefits paid to participants by the Unemployment Insurance Commission (UIC) totalled $3,637,440, and operational costs (including supplementary benefits) totalled $4,610,901.

In March 1982 the federal government announced a $220 million program for job creation in the forest sector. The role of the newly created CFS Forestry Development Program was broadened to accommodate this activity. A total of $140 million was designated nationally for improved benefits under Section 38 of the Unemployment Insurance Act and $39 million was provided from the policy reserve fund (later reduced to $34.5 million) to cover project expenses and CFS administration costs for the program.

There were two major differences between UI/JCP-FS and AFIP: first, the UI/JCP-FS sponsor base was broader than that of AFIP, and second, supplementary benefits were provided under AFIP but not under UI/JCP-FS. However, because UI/JCP-FS was initiated at the same time as AFIP, the potential for corporate sponsors was severely limited. Most forest industries interested in job creation had already entered into agreements with the province under AFIP by the time UI/JCP-FS was implemented. This, in part, explains the lopsided percentage of Indian band sponsors.

The CFS regional establishments were given responsibility for program delivery. The regional directors were responsible for developing agreements and authorizing payments of overhead and administrative costs. In the Ontario Region the allocation for enhanced unemployment insurance benefits amounted to $10 million and for operational costs $6.2 million. Three one-year term positions and $84,000 were provided to GLFC to implement the program.

The program was originally intended to operate from the summer of 1982 until December of 1983, with proposals being accepted until 31 May 1983. With the slow start, this was later revised, the finishing dates becoming 31 March 1984 for program termination and 31 December 1983 for proposal acceptance, subject to the availability of funds.

OBJECTIVES AND AIMS OF UI/JCP-FS

i) To create immediate opportunities for productive employment activity in the fields of forest management and protection on the part of workers whose short-term alternative employment prospects appear poor;

ii) To retain a work force intact in areas where workers could subsequently return to their original jobs, or to new employment opportunities including those created directly or indirectly as a result of the launching of such projects;

iii) To create assets of value, through forest renewal, for provincial, regional and national economies.

DESIGN CHARACTERISTICS

The essential elements of the program were similar to those of Section 38 programs established by CEIC in administering other employment stimulation programs. In addition, terms and conditions with respect to potential proposals were outlined and the role of the Department of the Environment was spelled out (see APPENDIX I).

PROGRAM IMPLEMENTATION

The second quarter of 1982 was devoted to developing the program within the Ontario Region. A brochure entitled "Unemployment Insurance Job Creation Program - Forestry Sector" was produced. An internal report dealing with implementation of the program was also prepared[2]. It covered much of the material outlined in the design characteristics in APPENDIX I. Information was also prepared for publicity purposes, both for the news media and for potential sponsors.

Program guidelines, application forms, contracts, Schedule "A" forms and report and evaluation forms were developed. Much of the format of the forms was adapted from Ontario's AFIP and other employment stimulation programs. Packages were prepared and mailed to numerous sponsors.

In September 1982 the first proposal was received and the program was officially under way. As staffing for the Implementation Unit of the Forestry Development Section was not complete, other GLFC and Forest Pest Management Institute (FPMI) staff were seconded to work on the program. Regular staff were in place by late February 1983. For the first four months of the program, project applications were processed on an 'ad hoc' basis as guidelines for project assessment and contracting were still being developed. Both CEIC and CFS procedures continued to change throughout the program, tending toward over-regulation and causing some delays in project approval.

Proposals were assessed and revised by CFS Project Officers, in consultation with the sponsors and CEIC. The Department of Indian and Northern Affairs (DINA) was also involved in the processing of Indian band proposals and served as co-signer of the resulting contracts. A contract and Schedule A form were drawn up and sent to the sponsors for signature. To speed delivery, these contracts were sent to the sponsor by courier. When returned by the sponsor they were reassessed by the responsible Project Officer and sent to the Regional Director for signing. They were then forwarded to DINA (only if an Indian band project) and to CEIC for signing. Indian band contracts were forwarded to CEIC

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[2] Smyth, J.S. 1982. CFS/UIC job creation program in Ontario: a strategy for implementation. Dep. Environ., Can. For. Serv., Sault Ste. Marie, Ont. 15 p. (unpubl. rep.).

by DINA after the latter had signed. The signed contracts were returned to GLFC for forwarding to the sponsor.

Initial payments were requisitioned as the signed approved contract was sent out to the sponsor.

The major constraint on earlier project approval was the fact that the UIC commissioners believed all UIC funds had been committed to AFIP, and hence they refused initially to approve any UI/JCP-FS projects. This impasse was not resolved until December 1982 when the first project received formal approval from CEIC. It became operational on 20 December 1982. By this time some 59 proposals had been received.

Field evaluation of projects began in January 1983, again with staff seconded from GLFC and FPMI.

By April 1983, reasonably firm in-house procedures were in place and weekly reports on the status of the projects were being produced. At this time, 40 projects were under way (some short-term projects had also been completed) and 85 proposals had been received. Operational projects had created a possible 568 job opportunities, with 17,934 work weeks of participation.

During the late fall of 1982 and early winter of 1983 negotiations took place with OMNR to develop a joint job creation program in the forestry sector to be called the Canada-Ontario Forest Employment Program (COFEP). An agreement was drafted by the CFS and CEIC and sent to the Minister of Natural Resources for signature in March 1983. Unemployment insurance benefits were to be supplemented by $60.00 per week from OMNR. The province would also pay the benefit costs (Canada Pension, Ontario Health Insurance, and Workers' Compensation premiums) of the projects while the CFS would provide operational and administrative funds to sponsors.

In anticipation of the master COFEP agreement being signed in the near future, applications under the UI/JCP-FS Program received by GLFC starting in early April 1983 were deferred until COFEP became operational. The rationale for this deferral was that benefits to the participants would be better under COFEP and the operational funds provided by the CFS could be spread over more projects.

However, by the end of April it appeared unlikely that COFEP would be signed. All qualified applicants were once again being accepted under UI/JCP-FS. It appeared that some proposals were being unduly delayed as applicants waited for COFEP to become operational.

In late May the COFEP package, signed by the Minister of Natural Resources, was returned to the CFS. By this time virtually all the program monies allocated to Ontario under UI/JCP-FS had been committed. The Minister of

the Environment requested additional monies from Treasury Board. These were not forthcoming and hence COFEP was indefinitely shelved.

It may seem incongruous that, although the entire Ontario allocation of $6.2 million had been committed by June 1983, project applications were accepted until December 1983. This was made possible by reallocating funds returned by sponsors at project completion, and conducting a realistic assessment of current projects to determine their actual and projected total costs. Very close control was kept over this reshuffling of dollars until the end of the program, but at no time was more than the original allocation committed.

In August 1983, CEIC increased the participant's benefits to $300.00 from $240.00 to widen the gap between the average unemployment insurance benefit for those not on the program and the enhanced program benefit. Rather than amend all current contracts, CEIC agreed to make the higher rate effective as of 1 August 1983. The remaining unemployment insurance benefits allocated to Ontario were consumed faster and a request was submitted to CEIC to provide additional funding to alleviate this depletion. CEIC agreed and also announced that the program, from CEIC's standpoint, was being placed under the Canada Works umbrella, which tightened sponsor eligibility requirements.

A minor confrontation with OMNR occurred in September 1983 when an applicant, who was a Forest Management Agreement (FMA) holder with the province, submitted a proposal for activities on provincial Crown land. The proposal had not been screened by OMNR, and appeared to contain project components that might be compensable under the FMA. Consequently, the Minister of Natural Resources personally reviewed all projects on provincial Crown land. GLFC had previously established a policy that the landowner must sign a consent form for any activity to be conducted on his forest lands. A District Manager could sign on behalf of OMNR for projects carried out on provincial Crown land or within the jurisdiction of the Woodlands Improvement Act. To avoid further problems of this nature proposals were forwarded to the landowner for review and consent before the contract was signed.

In the fall of 1983, 25 projects were selected by the CFS, on the basis of sponsor type and geographic distribution, for a full-scale audit by the Audit Services Bureau (ASB) of the Department of Supply and Services (DSS). Audits were done on 21 of these. (Financial constraints on the part of ASB necessitated a reduction in the number of audits.)

Apart from a misinterpretation of administration funds by ASB, which was not resolved until after the audits were received, few real surprises came out of the audits. Only one sponsor of the 21 audited was noted as having dispensed money at "non-arm's length" and this problem is being pursued.

In January 1983 discussions were started with Dr. John Andresen of the University of Toronto, with respect to a proposal to carry out an evaluation of Indian band projects. The objective of the evaluation was to produce a report

describing the effectiveness of UI/JCP-FS projects on Ontario Indian Reserves in meeting the goals of the program, and the socio-economic impact of these programs on forest management and the Indian communities. It was suggested that the report would also provide a useful evaluation of the administrative and financial procedures used by the federal government and sponsors in managing these objectives. DINA agreed to share the cost of the evaluation.

A contract, valued at $40,000 was issued to Dr. Andresen in February 1984. He interviewed CFS and CEIC staff and interested outside agencies, and prepared a draft questionnaire to be used with the Indian sponsors.

Unfortunately, for medical reasons, Dr. Andresen had to suspend activity on the project in April 1984. After a series of medical consultations he advised the CFS that he was unable to carry out the field work, data analysis and report writing.

Ecologistics Limited, a private consulting firm, was approached on the recommendation of both Dr. Andresen and DINA to complete the contract on an assignment basis. The firm submitted a proposal that was accepted. The objectives and goals of the report were unchanged.

By 31 December 1983, 156 proposals had been received and reviewed. By 31 March 1984, 138 of these (88.5%) were operational, creating approximately 2,060 jobs and approximately 46,160 work weeks.

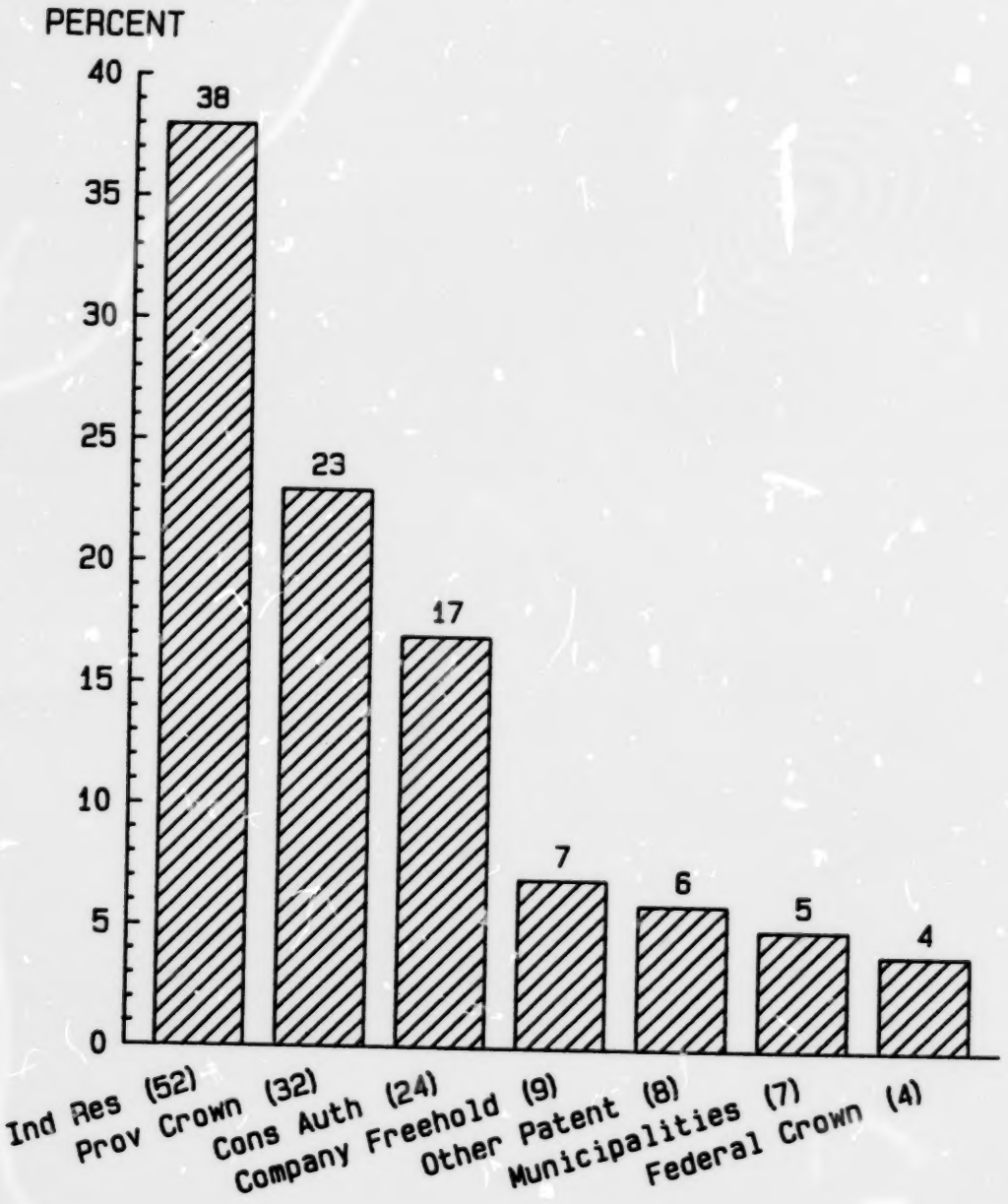
Of the 18 proposals not accepted (11.5% of total), most were rejected because the work proposed did not meet the program objectives. Others were sent back to the sponsor for revamping and resubmission.

Only nine of the 138 operational projects (6.5%) were terminated early, either because eligible participants were lacking or financial administration by the sponsor was inadequate. All nine projects that were terminated early were sponsored by Indian bands. There appeared to be little middle ground in the administration of Indian band projects: most were either very well or very poorly managed.

Project sponsors varied in the promptness of their submission of monthly reports and final reports. Most were reasonably prompt in this regard, particularly with the final reports. Some, however, were extremely lax in their reporting and accountability.

RESULTS

Sponsors were divided into seven broad classes for analytical purposes, generally on the basis of where the work was being carried out. Figure 1 shows the percentage of projects in each class. Figures within parentheses indicate the number of projects by sponsor class.



Figures in parentheses indicate number of approved projects

Figure 1. Percentage distribution of sponsors by land class.

It can be seen that a significant percentage of projects were carried out on Indian Reserves. Our interest in singling out this class of sponsor for an independent evaluation is based in part on this high participation in the program, and in part on the recognized potential for future forestry programs on Indian lands.

Table 1 summarizes the money spent and jobs created by the program.

It should be noted that most of the sponsor contributions came from private industry, in which unions required that participants' benefits be supplemented to levels equivalent to those in the governing union contract. Virtually no other sponsors provided additional funds.

Average costs based on different factors are listed in Table 2.

The geographic distribution of projects by land class (i.e., where the major portion of the activities occurred) is shown in Table 3 and in Figure 2. A list of sponsor names and projects is found in APPENDIX II. For convenience, OMNR's administrative regions are used as geographical subdivisions. It is interesting to note that 83% of the projects were in the five southern regions and only 23% were conducted on provincial Crown land. The six projects on federal Crown land were located at Canadian Forces Base Petawawa (four) and CFB Borden (two).

Although work was carried out on provincial Crown lands in six OMNR regions, only two benefited substantially from the program — the Eastern and Northeastern. In all probability, district staff in these two regions provided the impetus to get the sponsors to apply. More third-party provincial Crown land projects might have been undertaken if potential sponsors had been more receptive to employment stimulation programs or had not been previously committed to AFIP. Many district staff could not find organizations willing to sponsor projects, even though there were valid forest renewal or protection projects "on the shelf". Some forest industries were unwilling to sponsor projects because of the possibility that this would violate terms of their collective agreements with their unions.

Many of the larger forest industries in northern Ontario are holders of FMAs. Only two such companies sponsored UI/JCP-FS projects, and they either carried out the work on non-FMA lands or undertook activities that were non-compensable under the FMAs.

The different types of forest activities have been broken down into 12 categories in Table 4. Substantial work was carried out in 10 of these categories (the two remaining areas being Other (ha) and Other (km). For comparative purposes the original targets have been included and the percentage accomplishment calculated. Other activities included cone collection, management and operating plan preparation, fire guard construction, data processing

Table 1. Summary of projects, jobs, work weeks and expenditures

Applications received	156
Approved projects	138
Number of jobs created	2,065
Number of work weeks created	40,090
Non-wage benefits (UIC funds)	$10,030,260
Other costs (CFS contributions)	$ 5,359,214
Sponsor contributions	$ 302,436
Total dollars contributed	$15,691,910

Table 2. Average figures based on employment factors

Factor	Unemployment insurance benefits	CFS costs	Total cost (federal)
Average cost per project	$ 72,683	$ 38,829	$ 111,512
Average cost per job created	$ 4,857	$ 2,595	$ 7,452
Average cost per work week	$ 250[a]	$ 134	$ 384
Range in project size - largest	$592,800	$422,902	$1,015,702
- smallest	$ 10,200	$ 1,813	$ 12,013
Average weeks per project			22
Average number of jobs per project			15
Average number of work weeks per project			291

[a] This figure is not representative since the unemployment insurance benefits increased from $240 to $300 during the program.

Table 3. Summary of approved projects by region and land base

Administrative Region	Indian reserves	Provincial Crown	Conservation Authority	Municipal Land	Company Free Hold	Other Patent	Federal Crown	Total	Percentage
Northwestern	10							10	7
North Central	4	2				2		8	6
Northern		2			3			5	4
Northeastern	18	7	2	2	3			32	23
Algonquin	6	3		1		4	4	18	13
Eastern	1	17	3		3			24	17
Central	6	1	11	4		2	2	26	19
Southwestern	7		8					15	11
Total	52	32	24	7	9	8	6	138	
Percent	38	23	17	5	7	6	4		100

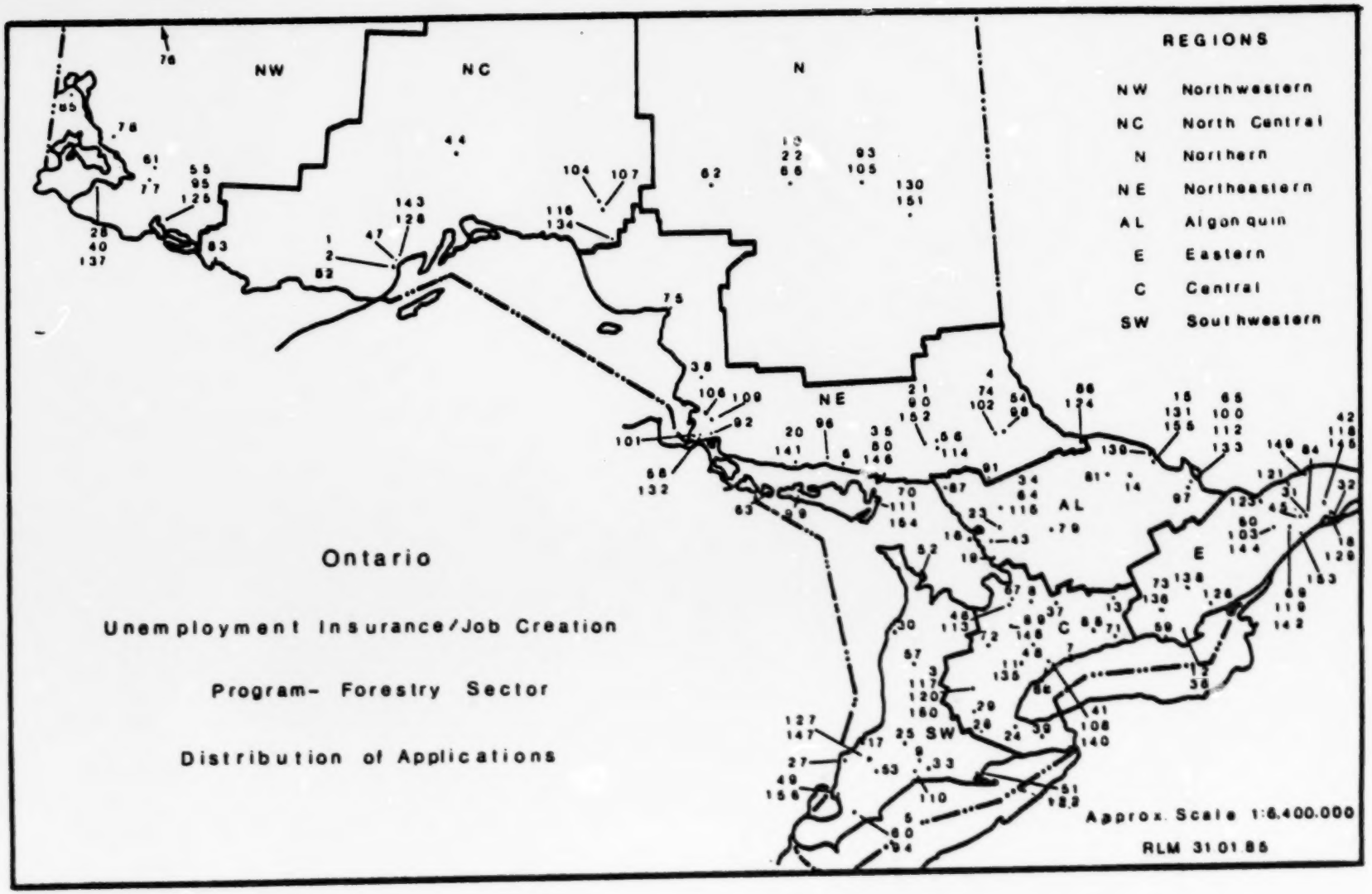


Figure 2. Ontario Unemployment Insurance/Job Creation Program - Forestry Sector distribution of applications.

Table 4. Forest management work proposed and accomplished

Activity	Proposed target	Accomplished	% of target
Inventory (ha)	177,760	148,358	83.5
Site preparation (ha)	2,825	1,471	52.1
Tree planting (ha)	1,532	1,677	109.5
Stand and plantation tending (ha)	20,559	10,628	51.7
Marking (ha)	2,912	1,118	38.4
Recreational development (ha)	646	525	81.3
Boundary lines (km)	1,220	932	76.4
Road construction (km)	153	116	75.8
Road maintenance (km)	288	260	90.3
Trail development (km)	285	401	140.7

and analysis, firewood cutting, landowner surveys, moss collection for nursery use, removal of beaver dams, spacing trials, soil surveys, development of local volume tables, regeneration surveys, brushing railroad right-of-way, deer habitat development and metric conversion of maps. Quantitative targets (i.e., the number of plans prepared, contacts made, dams removed) can be applied to a few activities but are insignificant. Sample activities are pictured in Figures 3-6.

It can be seen from Table 4 that accomplishments are significantly different from the proposed targets. In only two cases (tree planting and trail development) did sponsors actually exceed the proposed targets as a whole. Various factors can explain the discrepancies between accomplishments and proposed targets.

1. The program was strictly voluntary on the part of the participant; hence, sponsors had little control over productivity.

2. Many sponsors overestimated production levels that could be achieved under the program. Production rates were usually based on past experience with projects not set up under Section 38, in which labor rates were normal and workers were skilled.

   There was virtually no past experience in forestry-related employment stimulation programs in Ontario on which to base production. Some sponsors had limited input from forestry-related advisors into the setting of goals. Procedural problems also caused production problems. Among these were days off for job hunting, a work week being considered consumed if a participant worked only one day or more in the week, turnover of staff and training of new staff, inability to obtain and keep the maximum number of participants working all the time, and delays in receipt of participants' cheques.

3. Field supervision of projects by sponsors ranged from very good to extremely bad. Some project administrators kept a close handle on project activities and accomplishments (and hence productivity was relatively high), while others were more distant in their approach and their levels of achievement were correspondingly lower. Participants who were project supervisors had no incentive to enforce productivity since they received the same benefits as the laborers.

4. A number of sponsors had been involved in similar employment stimulation programs. It appeared that control exercised by government agencies administering these programs had been much less rigorous than that exercised by the CFS and there were virtually no field visits by their project officers. This control exercised by these other agencies had a negative effect on sponsor attitudes toward UI/JCP-FS.

Figure 3. Road right-of-way clearing.

Figure 4. UI/JCP-FS participants limbing felled trees.

Figure 5. Thinned and pruned red pine stand.

Figure 6. Participants cutting felled tree into fuelwood.

PROGRAM EVALUATION

In lieu of sending a formal questionnaire to all project sponsors and compiling the responses, project officers talked to sponsors about their reaction to the program during their field visits. The contract evaluation of the Indian band component will provide detailed information on sponsor attitudes when the report is received.

ADVANTAGES OF THE PROGRAM

1. The local work force remained relatively intact. Unemployed workers did not have to relocate to find employment.

2. Enhanced benefits meant that participants could start spending money on items other than essentials. In addition, sponsors generally spent operating dollars within the community. Thus, the community as a whole benefited economically, and the community assets increased through value added to forest stands and local recreational improvement work.

3. Labor-intensive projects were carried out that could not have been undertaken because of financial constraints caused by the general economic situation.

4. There were substantial achievements in forestry.

5. Employee skills were improved in many instances. While training was not a stated objective of the program, many activities could not be undertaken safely without participants first being trained.

6. Psychological benefits could be seen in participants who were being gainfully employed for their benefits. The participants had a sense of contributing to a worthwhile project. This was a real morale booster.

7. Many participants with good potential were identified and given supervisory tasks or were able to find employment elsewhere as a result of the program.

8. Participants could extend their unemployment insurance benefits to 50 weeks. In addition, they could draw benefits for a further 6 weeks while they searched for alternative employment.

9. Many sponsors liked dealing with the CFS in program delivery and expressed optimism that the CFS would continue in the business of employment stimulation. Sponsors were impressed by the field evaluation work carried out by GLFC staff; some said it was the first time they had seen a government official out to view a project in this type of program.

DISADVANTAGES OF THE PROGRAM

1. Delays in receiving cheques for enhanced benefits probably caused the most widespread dissatisfaction among participants. While payment of benefits was not a responsibility of the CFS, discontent was reflected in sponsors' and participants' attitudes.

2. Productivity levels were lower than expected mainly because participation by unemployed workers was voluntary. Sponsors could provide little incentive or motivation for the participants.

3. Work weeks used by participants were not insurable. Unemployment insurance credits built up through previous employment contributions were consumed. Participants risked leaving the program with little prospect of future employment, and often almost without unemployment insurance credits.

4. The referral process did not limit projects to qualified participants: anyone receiving unemployment insurance benefits could be referred. Much time had to be spent in providing elementary training just to prevent participants from injuring themselves.

5. The approval process, with as many as four remote parties having to sign contracts, took too long to complete. Sponsors expressed dissatisfaction with the unnecessary delays in project approval.

OPERATIONAL PROBLEMS WITH THE PROGRAM

1. Sponsor management and administration of the program varied widely, not just with Indian bands as noted previously. Where sponsors were established organizations (e.g., municipalities, conservation authorities), financial control was good to excellent, although project reports were frequently submitted late. Computerized accounting sometimes resulted in delays of up to two months, although the reports were usually correct. However, financial control was generally only fair with small organizations, and often record-keeping was inadequate. Previous experience with other government employment stimulation programs, where accounting requirements were different, often clouded attitudes of sponsor administrators. Some treated the program as a grant, and not as a contribution where accountability was required.

2. Project approval procedures were excessively lengthy. Many sponsors were unhappy with the 8- to 12-week lead time to bring an application through to operational status. As well, each signatory of the Agreement caused delays in processing. For example, any agreement with budgeted benefits in excess of $150,000 had to be approved by the UIC commissioners in Ottawa. Another problem area was the signing of the agreement by

federal representatives. Only certain people or a designated individual could sign the contracts. These problems are recognized and methods to streamline the process need to be developed.

Sponsors compounded the problem by not returning the signed contracts promptly.

3. At the onset of the program, CEIC was processing participants' enhanced benefits claims manually rather than by computer. Delays of up to six weeks were common; a few claims took three months. One advantage of manual processing was that benefit cheques for a project were sent in bulk to local CEIC centers. Sponsors could pick up the bulk package and deliver the cheques to participants. It also allowed for closer sponsor control over the claim forms. The sponsor representative had to sign the claim forms for the participants to receive the enhanced benefits. Eventually CEIC reverted to computer processing but this meant that cheques were mailed out to the participants' last registered address. As well, the form for the next claim period was mailed out, and as a result, there were delays in getting the claim forms signed and forwarded to the sponsor for authorization. It is understood that CEIC'S Operations Section is examining the problem.

4. At the start of the program, many unemployment insurance recipients felt that the difference between regular and enhanced benefits was not great enough to motivate them to participate in the program. Others, however, had a substantial increase in benefits and proved to be enthusiastic workers. Many more unemployment insurance recipients might have joined the program earlier had the difference in benefits been greater initially. In August 1983 the difference between regular and enhanced benefits was only $9 per week.

5. Participants had to consume credits. As a result, many left the program with no credits and little prospect of permanent employment. Other programs did permit participants to build credits to qualify for unemployment insurance benefits, since wages are subject to premium deduction. Dovetailing these programs with Section 38 programs, while only a temporary solution, might alleviate the problem. However, full-time employment opportunities are still needed.

6. As an external, national evaluation of the UI/JCP-FS Program was expected, no provisions for internal evaluation of the regional program were made at the start, and consequently it was difficult to evaluate it meaningfully at the end. Part of the problem lay with the quickly assembled data processing system used: it did not permit varied data analysis. However, there is still a need for evaluation criteria at the beginning of the program.

CONCLUSIONS

In brief, the objectives and aims of the program were to create immediate employment opportunities, maintain the work force intact in preparation for resumption of regular work or for new (permanent) work opportunities, and, through forest renewal and management-related activities, create assets of value which would benefit local, provincial, and national economies.

The UI/JCP-FS Program administered by GLFC was successful in all three objectives, although the extent of that success varied. While the number of employment opportunities exceeded 2000, it is uncertain how many of these led to a return to the regular work force. We do not know if the work force remained intact after a specific project terminated. We are confident that people stayed while a project was operating, but we have no idea of what happened after project completion.

Many forest stands have been greatly improved as a result of this work program. While the public may not be aware of the location of these stands, it will benefit from an improved wood supply over the long term.

Program administration was not without its faults, but the individuals who were seconded to get the program under way and the regular (including term) staff are to be commended for their efforts, in view of the fact that many lacked experience and had few guidelines for running the program.

RECOMMENDATIONS FOR FUTURE EMPLOYMENT STIMULATION PROGRAMS

Most of the points listed below have been discussed in detail within the preceding text. Rather than dwell on them again, we are reproducing them in point form. Our recommendations are based on our conviction that the CFS should continue to participate in employment stimulation programs of various types.

1. Establish evaluation criteria at the onset of a program.

2. Reduce time required for processing project proposals by streamlining approval procedures.

3. Retain authority to approve proposals and sign contracts at regional CFS centres.

4. Reduce delays in issuing unemployment insurance benefit cheques to participants, if the program falls under Section 38 of the Unemployment Insurance Act.

5. Encourage projects that may lead to the establishment of permanent jobs.

6. Provide the sponsor with greater control over participants, possibly through issuance of benefit cheques.

7. Provide better screening of participants volunteering for the program in order to get more qualified or experienced people, without necessarily limiting access.

8. Ensure greater input from field staff into development of program guidelines, criteria, and procedures manuals.

9. Establish a communications component, part of which provides for long-term signs describing work done.

10. Tighten up administration of projects by sponsors, particularly with regard to project reporting.

11. Improve dissemination of promotional information on the program to areas of the province in which sponsorships are weak, particularly third-party sponsorships.

12. Improve screening of project proposals with regard to type of work and estimated targets to be met.

APPENDICES

APPENDIX I*

Design Characteristics and Terms and Conditions Relating to UI/JCP-FS

(1) The sponsor base consists of any established organization, partnership, or corporation including federal, provincial, territorial and municipal government departments and agencies.

(2) To qualify for the program, a job creation project must conform to the economic growth model within the sphere of forest management and protection.

(3) Regular participation in the project is open only to unemployment insurance claimants who are unlikely to find employment at the time they start the project or before the end of their participation in the project.

(4) Benefits payable to participants are negotiated for the project and specified in an agreement between the sponsor and the Unemployment Insurance Commission, with the following kept in mind: (a) the minimum allowable benefit would be the greater of the unemployment insurance benefits payable to potential participants or the rate identified by the Commission for the type of participation, and (b) the maximum allowable benefit would be the lesser of the rate identified by the Commission or $240 per week.

(5) Claimant participation in the program is voluntary in that no disqualification or disentitlement is imposed by reason only of a claimant's leaving or refusing to participate in a project.

(6) Participating claimants will use up their normal entitlement and, where entitlement is insufficient to cover the period of participation, it will be extended to the end of their participation in the projects. (This will normally be no later than the 50th week of benefits.) After participation in the projects, claimants will return to the benefit stream and draw the greater of their remaining entitlement or six weeks of benefits. The minimum of six weeks of benefits after project participation is meant to provide additional income maintenance while the claimants find alternative employment and will give such claimants a maximum of 56 weeks of benefit in a 58-week benefit period where the waiting period has been served before entering the project.

(7) Participating claimants may be required to undertake an active job search during the period of a project where it is determined that a demand has arisen in their occupations.

* The information contained in this Appendix was taken from Smyth, J.H. 1982. CFS/UIC job creation program in Ontario: a strategy for implementation. Dep. Environ., Can. For. Serv., Sault Ste. Marie, Ont. 15 p. (unpubl. rep.)

(8) Benefits to participating claimants are paid in accordance with the normal rules of cost allocation under the three-phase benefit structure. Benefits payable during any extension to normal benefit entitlement will be extended benefits and as such will be charged to the government cost of paying benefits. All benefit payments made in a year will be subject to a maximum payout, as approved by the Governor in Council.

(9) The Commission pays benefits directly to participating claimants.

(10) The Departments of Employment and Immigration and the Environment enter into a joint agreement with the sponsor which sets out the government's and the sponsor's obligations under the project, including all financial obligations related to the participation of individuals in the project.

(11) Costs such as administration expenses and allowable project overhead and other expenses up to a specific maximum are paid by the Department of the Environment.

(12) All projects require approval by the Department of the Environment and by the Commission before commencement.

SPECIFIC DESIGN CHARACTERISTICS RELATING TO THE UI/JCP-FS PROGRAM

(1) It must be demonstrated that proposals can meet the aims and objectives of the forestry component of the UI/JCP.

(2) It must be demonstrated that the activities to be undertaken can normally be completed within the proposed time frame.

(3) Proposals must not compete with or duplicate existing forest management and protection activities, or provide services that would otherwise exist or would result in an unfair competitive advantage to a particular firm or establishment.

(4) It must be demonstrated that activities will not be undertaken at the expense of existing jobs or jobs that might be created through other funding arrangements.

(5) The total project overhead and administrative costs are to be negotiated with each project sponsor. The *maximum* per position week will be $200.00. Project costs may include:

- legitimate expenses for administering the project such as rental space, telephones, bookkeeping, etc.

- capital assets (defined as property, furniture or equipment) that will assist in the operation of the project and will not be physically incorporated into the final product of the project,

- special temporary services that are essential to the effective operation of the project (i.e., for training, and supervision),

- reimbursement of project sponsor for workers' compensation, vacation and other employee benefits and expenses.

(6) With the exception of additions to operational nursery facilities, project costs will not include costs for building materials that will be physically incorporated into the final product of the project.

(7) Project costs shall be paid to sponsors in the following manner:

(a) an initial payment representing the estimated costs for the first two months of operation for projects operating three months or longer,

OR

an initial payment representing the estimated costs for the first two calendar months of the operation, but not to exceed 70% of the total contribution, for projects operating for less than three months.

(b) interim payments as may be approved on the basis of monthly financial and progress reports (Project Monthly Report) submitted by project leaders or by Department of the Environment officials visiting the site.

(c) a final payment of any sums due following approval of the final financial and progress report (Project Final Report) submitted by project leaders and, if considered necessary, following completion of an audit.

(8) A contribution to project costs from other sources, e.g., other departments, provincial and municipal government departments and private funds, is permitted and should be fully explored with sponsors of potential projects.

(9) *Any revenues generated by project activity* (e.g., sales of fuelwood, cordwood) up to the time of project completion or other funds such as private insurance monies should not accrue to the profits of the entrepreneur or be applied in addition to the unemployment insurance benefits of the workers. Such funds would first be put toward project costs over and above the maximum federal-sponsor contributions toward

project costs as defined in (5). Any remaining funds would be set proportionally against the federal-sponsor contribution toward project costs as defined in (5). Revenues generated after a project is completed may be kept by the sponsor.

(10) At the termination of the contract between the sponsor and the department, any project assets purchased with departmental funds that have not been physically incorporated into the product of the project will be sold and the revenue applied to the project costs. Alternatively, at the discretion of the Department of the Environment, such project assets *may be turned over to a registered non-profit organization, retained by the project* in cases in which it has been established that the project can continue and that the assets are required to maintain its viability, or turned over to the department for transfer to the Crown Assets Disposal Corporation.

(11) It must be demonstrated that projects are being competently managed financially and under careful administrative control. The sponsor of an accepted project will be required to maintain appropriate books and records and to allow the Canadian Forestry Service access to these documents for inspection and audit purposes.

(12) Approved projects will be the subject of an agreement between the Minister of the Environment and the sponsor. Authority to approve projects will be delegated by the Minister to the Assistant Deputy Minister (ADM) of the Canadian Forestry Service. Authority to sign agreements and make payments will be delegated to the regional directors by the ADM of the Canadian Forestry Service.

(13) All projects will be evaluated by a technical subcommittee appointed by the provincial advisory committee to provide information concerning the extent to which program features affect the achievement of the aims and objectives of the program.

(14) Audits will be performed under a joint arrangement between the Department of the Environment and the Canada Employment and Immigration Commission.

Audits will be carried out to establish that the actual expenditures are in accordance with the project agreement and are adequately supported by accounting records and other reporting evidence as considered necessary. They will also assess the reasonableness of revenues and other receipts recorded.

APPENDIX II

Project Numbers and Sponsor Names

Proj. no.	Sponsor	Proj. no.	Sponsor
001	Gt. Lakes Forest Products	038	Algoma Central Railway
002	Abitibi-Price Inc.	039	Mississaugas of the New Credit
003	Grand River Consv. Auth.	040	Big Island Reserve
004	Assn. of West Nipissing	041	University of Toronto
005	Lower Thames Valley Consv. Auth.	042	South Nation River Consv. Auth.
006	Spanish River Band of Ojib.	043	Mohawks of the Gibson Band
007	Central Lake Ontario Consv. Auth.	044	Gull Bay Indian Band
008	Chippewas of Rama	045	Earle & Earle & Assoc.
009	Chippewas of Thames	046	County of Simcoe
010	Domtar Inc.	047	Fort William Band Council
011	Halton Region Consv. Auth.	048	Credit Valley Consv. Auth.
012	Mohawks of Bay of Quinte	049	Walpole Island Band
013	Curve Lake Indian Reserve	050	Corp. of County Lanark
014	Algonkians of Golden Lake	051	Long Point Region Consv. Auth.
015	Algonquin College	052	Chippewas of Nawash Band
016	Ojibways of Parry Island	053	St. Clair Region Consv. Auth.
017	Chippewas of Sarnia	054	Nipissing Band of Ojibways
018	Domtar Inc.	055	Nicickousemenecaning Band
019	Beausoleil Band Council	056	Municipality of Sudbury
020	Mississauga Res. #8	057	Sharmadon Park
021	Whitefish Lake Band #6	058	Sault Ste. Marie Consv. Auth.
022	Domtar Inc.	059	Domtar Inc.
023	Moose Deer Pt. Indian Band	060	Lower Thames Valley Consv. Auth.
024	Hamilton Region Consv. Auth.	061	Whitefish Band 32A
025	Upper Thames River Consv. Auth.	062	Constance Lake Band #92
026	Six Nations Council	063	Twp. of Cockburn Island
027	Chippewas of Kettle & Stoney	064	Equine Developments
028	Big Grassy Reserve	065	C.L. Polk Forestry Consulting
029	Grand River Consv. Auth.	066	Domtar Inc.
030	Saugeen Indian Band Council	067	Fred Tiffin Park
031	Town of Kemptville	068	Metro Toronto & Reg. Consv. Auth.
032	St. Regis Band Council	069	G.W. Bracken Ltd.
033	Oneida Band Council	070	Wikwemikong Indian Band
034	Equine Developments	071	Alderville Indian Band
035	Whitefish River Indian Res.		
036	Mohawks of Bay of Quinte		
037	Galway & Cavendish Twp.		

(cont'd)

Project Numbers and Sponsor Names (concl.)

Proj. no.	Sponsor	Proj. no.	Sponsor
072	County of Dufferin	117	Grand River Consv. Auth.
073	Frank Roy Haulage & Logging	118	South Nation River Consv. Auth.
074	West Nipissing Municip.		
075	E.J. Morin	119	G.W. Bracken Ltd.
076	Sandy Lake Band Council	120	Grand River Consv. Auth.
077	Ojibways of Onegaming	121	Arbex Forest Development Co. Ltd.
078	Northwest Angle #37 Indian Res.	122	Long Point Region Consv. Auth.
079	Municip. of Dyasart et al.		
080	Whitefish River Indian Res.	123	For-Tech Services
081	Hagarty & Richards Twp.	124	Mattawa & Area Municip.
082	City of Thunder Bay Parks	125	Nicickousemenecaning Band
083	Lac La Croix Band	126	Ont. Min. of Nat. Res.
084	Winston McEwan Power Line	127	St. Clair Region Consv. Auth.
085	Islington Band I.R. #29	128	Lakehead University
086	Mattawa & Area Municip.	129	Domtar Inc.
087	Henvey Inlet Band of Ojibways	130	Ontario Paper Company
088	Hiawatha Indian Reserve	131	Algonquin College
089	Horton Forestry Service	132	Sault Ste. Marie Consv. Auth.
090	Whitefish Lake Band #6		
091	Dokis Indian Reserve #9	133	C.L. Polk Forestry Consulting
092	Garden River Indian Band		
093	Spruce Falls Power & Paper	134	Ontario Paper Company
094	Lower Thames Valley Consv. Auth.	135	Halton Region Consv. Auth.
		136	Frank Roy Haulage
095	Nicickousemenecaning Band	137	Ano Kee-Win Corporation
096	Serpent River I.R.	138	G.W. Martin Wood Products
097	Timberline Forestry Prod.	139	J.A. Patterson
098	Nipissing Band of Ojibways	140	University of Toronto
099	Sheshegwan Indian Band	141	Mississauga Reserv. #8
100	Polk Forestry Consulting	142	G.W. Bracken Ltd.
101	Batchewana Indian Band	143	Lakehead University
102	West Nipissing Municipality	144	County of Lanark
103	County of Lanark	145	South Nation River Consv. Auth.
104	Long Lake Reserve #58		
105	Spruce Falls Power & Paper	146	Whitefish River Band
106	Algoma Central Railway	147	St. Clair Region Consv. Auth.
107	Long Lake Indian Band #77		
108	University of Toronto	148	Horton Forestry Service
109	R.T. Chorney	149	Arbex Forest Development Co. Ltd.
110	Muncey of the Thames Band	150	Grand River Consv. Auth.
111	Wikwemikong Indian Reserve	151	Ontario Paper Company
112	C.L. Polk Forestry Consulting	152	Whitefish Lake Band #6
113	County of Simcoe	153	County of Leeds & Grenville
114	Inco Ltd.	154	Wikwemikong Dev. Commission
115	Equine Developments	155	Algonquin College
116	Ontario Paper Co.	156	Walpole Island Band